

Massachusetts  
Business Resource Team  
OTA Conference

April 5, 2007



**Massachusetts**  
*It's all here.*

# Agenda

- The Business Resource Team
- Financing
- Tax Incentives
- Workforce Training Funds (WTF)
- Contact Information

# Business Resource Team (BRT)

What is the BRT?

A one-stop shop for companies who wish to do business in Massachusetts, lead/coordinated by the Massachusetts Office of Business Development

Our Mission:

Assist companies that wish to locate, relocate, expand, grow, or stay in Massachusetts

# Massachusetts Business Resource Team



MOBD



Massachusetts Biotechnology Council

RENEWABLE  
ENERGY TRUST



A DIVISION OF THE  
MASSACHUSETTS TECHNOLOGY COLLABORATIVE



MERRIMACK  
VALLEY  
ECONOMIC  
DEVELOPMENT  
COUNCIL, INC.



Build. Create. Innovate.



The Massachusetts  
Workforce Training Fund



Massachusetts Alliance  
for Economic  
Development

*Massachusetts Board of Higher Education*

# BRT Partners & Roles

<b>BRT Partner</b>	<b>Role</b>
MA Office of Business Development (MOBD) MA Alliance for Economic Development (MAED) MA Office of International Trade & Investment (MOITI) MassDevelopment Mass Technology Development Corp. (MTDC) Economic Stabilization Trust (EST) Workforce Training Fund (WTF) Small Business Development Centers (SBDC) Massachusetts Technology Collaborative (MTC) Massachusetts Technology Leadership Council (MTLC) Mass Manufacturing Extension Partnership (MassMEP)	EDIP, DIF, BRT Coordination Site finder services Foreign direct investment, Export counseling Financing – real estate and equipment Financing – early stage venture capital Financing – working capital Workforce training grants Small business counseling and consulting Grants, loans, convening, research
<b>Public Post Secondary Institutions</b> University of Massachusetts Board of Higher Education	Research Partnerships Workforce Pipeline Partnerships (Internships and Recruiting) Workforce Training
<b>Trade/Industry Associations</b> Massachusetts Biotechnology Council MassMEDIC	Industry Advocacy Network and Relationships with Companies, Universities, Hospitals Purchasing Consortium
<b>Regional Economic Development Councils</b> Boston Redevelopment Authority (BRA) Merrimack Valley EDC South Coast EDC Western Massachusetts EDC Berkshire EDC	Regional expertise Network with businesses, municipalities, and economic development Local site selection expertise

# Financing

- MassDevelopment
- Small Business Administration (SBA)
- Citizens Job Bank Program

# MassDevelopment

A faint, light gray map of the state of Massachusetts is visible in the background, serving as a watermark or design element.

**Tax Exempt Bonds**

**Equipment Loans**

**Guarantees**

**Specialty Programs**

# Bond Financing Programs

- **Tax Exempt Bonds**

Provide very low interest rate financing for capital projects that meet federal tax code criteria, including manufacturing facilities and equipment

- **Tax Exempt Equipment Lease / Purchase Program**



# Equipment Loan Program (Manufacturing)

- For the purchase of equipment - generally used to support manufacturing facilities
- Terms
  - Minimum loan amount \$50,000
  - Maximum loan amount \$500,000

# Loan Guarantees / Credit Enhancement

- Mortgage Insurance Guarantees:
  - Minimum exposure \$100,000; maximum \$500,000
  - Loan to value may not exceed 90%
  - Guarantee reduces as payments are made

# Export Assistance Program

- 100% financing for new equipment, leasehold improvements, term working capital
- Fixed or variable rate of interest
- Up to 7 year term and amortization
- Direct Loans up to \$500,000

# New Markets Loan Fund

- **Purpose: To Provide Below Market Loans for Projects Located in Federally-designated “Low-income” Census Tracts and to Spur Investment**
  - Low fixed rate
  - 7 year term - 25 year amortization
  - Up to 90% loan to value
  - Support both small businesses and non-profits, as well as mixed use projects
- Facility Acquisition/Rehab \$50k-\$3MM
- Equipment (new & used) \$50k-\$500k

# Small Business Administration (SBA)

- A borrower obtains a first mortgage loan for usually 50% of the project from a bank. There is no maximum dollar amount.
- A Certified Development Corporation then provides a secondary loan (called a debenture) for the next 40%.
- Up to 90% financing means the borrower typically provides only 10% equity for the project.
- Loan terms may extend as long as 10 years for equipment

# Citizens Job Bank Program

- Companies either currently doing business in Massachusetts or those contemplating a significant investment in the state and in the following sectors:
  - Manufacturing
  - Industrial
  - Information Technology
  - Life Sciences

# Tax Incentives

- Economic Development Incentive Program
- Tax Exemptions and Credits for Manufacturers
- Research and Development Tax Credit

# Economic Development Incentive Program (EDIP)

Three-way partnership between business, ETA municipality,  
and state

## Business

### **Certified Project**

Job Creation

Property  
Investment

Accountability

## Municipality

### **The TIF**

A local property tax  
exemption of **5-100%** for  
period of **5-20** years

### **The STA**

Descending tax abatement  
to a based on the existing  
and new property value

## State / EACC

### **EOA-ITC**

**5%** EOA-ITC for  
investments in tangible  
property that is  
depreciable and has a  
useful life of four years  
or more

**10%** Abandoned  
Building Tax Deduction\*

\* When applicable



# Tax Exemptions and Credits for Manufacturers

- Manufacturers are exempt from Sales and Use tax for equipment purchases connected with the mfg. process.
- Manufacturers are exempt from local personal property tax.
- Massachusetts does not levy an “inventory tax”.
- Manufacturers receive a 3% ITC on purchases of all tangible, depreciable assets with a life of four years or longer.

# Research & Development Tax Credit

- Among the most favorable R&D credits in the nation.
- Qualifying expenses mirror the federal R&D credit.
- **10%** credit for in-house research expenses
- **15%** for university- and hospital-based research costs
- Can be used in conjunction with the 3% ITC and reduce tax liability to minimum.

# Workforce Training Funds

- Workforce Training Fund (General Fund)
  - Monthly round for applications of \$50,000 or less
  - Three rounds annually for applications greater than \$50,000
- Workforce Training Fund (Express Fund)
  - Companies with less than 50 employees
  - Pre-selected training providers
- Hiring Incentive Training Grant (HITG)

# Contact info



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